TOWN OF SIMLA, COLORADO

FINANCIAL STATEMENTS

December 31, 2018

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Logan and Associates LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
 the Board of Trustees
Town of Simla
Simla, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simla (the "Town") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simla as of December 31, 2018, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison schedule on pages i – vi and on pages 24 - 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The accompanying supplementary information on pages 26 – 27, and other information on pages 28 – 29, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplementary information and other information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and other information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
July 1, 2019

TOWN OF SIMLA, COLORADO

Management Discussion and Analysis
Year Ended December 31, 2018

Management of the Town of Simla offers readers of the basic financial statement this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2018. The focus of the information is on the primary government-general fund.

The Town of Simla has adopted the financial reporting model promulgated by the Government Accounting Standards Board (GASB). This is in accordance with the GASB Statement of No. 34, Basic Financial Statement and Management Discussion and Analysis for State and Local Governments.

Financial Highlights

The Town's Governmental Activities assets exceeded it liabilities and deferred inflows of resources at the close of the fiscal year by $ 469,068 (net position).Of this amount, $ 137,179 (unrestricted net position) may be used to meet the Town's ongoing obligations.

The Town's Business-type Activities' assets exceeded its liabilities by $1,746,554 (net position) at the close of the fiscal year.

As the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $269,813 , a decrease of $37,870 from the prior year.

The restricted cemetery fund consists of $94,600 left to the Town by and estate to maintain family graves and make improvements to the cemetery. At December 31, 2018, the balance of this fund was $99,963.

Overview of Financial Statements:

The discussion is intended as an introduction to the Town's basic financial statement. The basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements is other supplementary information.

Government-Wide Financial Statements:

The government-wide financial statement uses an accounting method similar to those used by private sectors companies. The focus of the Statement of Net Position (the Unrestricted Net Position) is designed to report all the Town's current financial resources (short-term spendable resources) with capital assets and long term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Thus, revenue and expenses are reported in this statement for times that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

The government-wide statements are divided into two categories: Governmental and Business Type Activities

Most of the Town's basic services are reported in the governmental activities,which focus on cash flow. The Town's basic services include administrative, public safety, public works, judicial, buildings, cemetery, parks, and recreation. Property tax, sales tax, and intergovernmental taxes finance the majority of these activities.

Business-type activities are funds that reflect private sector type operations. This includes the Water and Sanitation Fund, which include the water, sewer, and trash segments. Fees for services should cover the majority of the cost of these operations including depreciation.

Fund Financial Statements
A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure compliance with finance-related legal activities requirements. All the funds can be divided into two categories: governmental funds and proprietary funds

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental funds focus on the financial position and changes in financial position, not on income determinations using the flow of current financial resources focus and the modified accrual basis of accounting. The modified accrual accounting measures cash and all other financial assets that can be readily converted into cash. Governmental statements focus on near term inflows and outflows of spendable resources as well as the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent to finance the Town's programs. The primary operating fund is General Fund, which accounts for the financial resources of the general government, except for those required to be accounted for in the other funds.

Proprietary funds are used to account for the Town's activities that are similar to business operations in the private sector or where the reporting is on determining net income, financial position, and a significant portion of the funding is through user charges, The Town uses enterprise funds for Water Sewer and Trash operations. The Town has a trash-collection contract with a vendor for collection of the Town residents trash.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. Other information, in addition to the basic financial statements and accompanying notes, is presented in the form of certain required supplementary information.

Government-wide Financial Analysis:
As noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Simla the assets exceeded liabilities and inflows of resources by approximately $2,215,622. Of the Town's net-position $848,691 is unrestricted and may be used to meet the Town's ongoing financial obligations. These are Net Position that are not restricted by external requirements nor invested in capital assets.

Of the Town's $2,215,622 total net position, $1,244,054 reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to the citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF SIMLA, COLORADO

Management Discussion and Analysis
Year Ended December 31, 2018

	Governmental Activities		Business-type Activities		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
ASSETS						
Current Assets	$ 348,058	$ 387,750	$ 714,026	$ 674,413	$ 1,062,084	$ 1,062,163
Capital Assets, Net	221,958	245,698	1,119,142	1,120,932	1,341,100	1,366,630
Total Assets	570,016	633,448	1,833,168	1,795,345	2,403,184	2,428,793
LIABILITIES						
Current Liabilities	28,489	32,335	2,514	1,973	31,003	34,308
Long-term Liabilities	22,703	31,945	84,100	89,900	106,803	121,845
Total Liabilities	51,192	64,280	86,614	91,873	137,806	156,153
Deferred Inflows of Resources	49,756	47,732	-	-	49,756	47,732
NET POSITION						
Net Investment-Capital Assets	209,012	213,753	1,035,042	1,031,032	1,244,054	1,244,785
Restricted	122,877	120,507	-	-	122,877	120,507
Unrestricted	137,179	187,176	711,512	672,440	848,691	859,616
Total Net Position	$ 469,068	$ 521,436	$ 1,746,554	$ 1,703,472	$ 2,215,622	$ 2,224,908

The following reflects the Town's change in Net Position.

	Governmental Activities		Business-type Activities		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
REVENUES						
PROGRAM REVENUES						
Charges for Services	$ 95,617	$ 84,329	$ 369,488	$ 332,631	$ 465,105	$ 416,960
Operating Grants & Contributions	634	-	-	-	634	-
Capital Grants & Contributions	6,485	6,323	10,500	40	16,985	6,363
GENERAL REVENUES						
Property Taxes	56,381	47,417	-	-	56,381	47,417
Sales Taxes	54,009	44,403	-	-	54,009	44,403
Other Taxes	74,112	61,711	-	-	74,112	61,711
Investment Income	8,526	4,373	5,724	3,160	14,250	7,533
Miscellaneous	10,634	8,184	-	-	10,634	8,184
Insurance Claim Proceeds	-	13,569	-	-	-	13,569
TOTAL REVENUES	306,398	270,309	385,712	335,831	692,110	606,140
EXPENSES						
General Government	48,863	45,838	-	-	48,863	45,838
Judicial	21,627	22,616	-	-	21,627	22,616
Public Safety	172,222	172,026	-	-	172,222	172,026
Public Works	83,784	96,369	-	-	83,784	96,369
Health and Welfare	7,497	-	-	-	7,497	-
Parks and Recreation	23,637	16,634	-	-	23,637	16,634
Interest on Long-term Debt	1,136	1,668	-	-	1,136	1,668
Water, Sewer and Trash	-	-	342,630	321,702	342,630	321,702
TOTAL EXPENSES	358,766	355,151	342,630	321,702	701,396	676,853
CHANGE IN NET POSITION	(52,368)	(84,842)	43,082	14,129	(9,286)	(70,713)
NET POSITION, Beginning	521,436	606,278	1,703,472	1,689,343	2,224,908	2,295,621
NET POSITION, Ending	$ 469,068	$ 521,436	$ 1,746,554	$ 1,703,472	$ 2,215,622	$ 2,224,908

TOWN OF SIMLA, COLORADO

Management Discussion and Analysis
Year Ended December 31, 2018

Governmental Activities for the Town's net position for the year ending December 31, 2018, showed a decrease of $52,368 Business-type activities increased the Town's net position by $43,082 Key elements are as follows:

Total Revenues came in over budget for year ended December 31, 2018 mainly due to the increase in, taxes, license and permits, charges for services, Interest and miscellaneous.

The economy continues to have effects on the utility revenue. Property taxes are based on assessed valuations. In 2018 the town had repairs to two patrol cars.

Financial Analysis of the Government's Funds

As earlier noted, the Town of Simla uses fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

Governmental funds

The focus of the Town's governmental funds is to provide information on current year revenues, expenditures and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. In particular, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

Revenues for the General Fund increased by $ 35,879.The major factors was the increase in Sales Tax $9,606 and Property Tax $8,964, Miscellaneous $2,450, Investment Income $4,153, Charges for Service
$11,288. Expenditures decreased by $1,276.

Proprietary Funds

The proprietary funds provide the same type of information found in the government-wide financial statements with more detail. The only proprietary fund is the Water and Sanitation Fund that includes water, sewer, trash segments. Total net position of the Water segment is $1,118,447 the Sewer segment $610,774 and the Trash segment $17,333 for a total $1,746,554 .
Total increase in the net position for each segment is Water $20,477 Sewer $20,964 and Trash $1,641 for a total of $43,082.

Key elements of the water and sanitation fund:

As noted above,
Water, Sewer and Trash revenue charges of service increased by $11,304 over 2017.
Water segment expenditures increased $34,959. Sewer expenditures decreased $17,696
Trash segment expenditures increased $2,522.

General Fund Budgetary Highlights.

Tax revenues are comprised of property taxes, franchise fees, sales tax, and intergovernmental taxes. Seventy-five percent (75%) of sales tax goes to the Police Department with the remaining twenty-five per cent (25%) going to Public Works. Sales Tax actual was $11,009 greater than budget Specific Ownership Tax, Highway Users Tax Fund and Elbert County Road and Bridge Fund came in higher than Budgeted by $2,571. No amendments were made to the 2018 Budget. The actual revenue was higher than budgeted by $2,027 . There were repairs to the police vehicles which attributed to the total Public Safety Expenditures being over, however General Government, Judicial, Public Works, Health and Welfare expenditures were less than budgeted which allowed for actual expenditures to be less than budgeted by $6,201.

Capital Assets and Debt Administration

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Land	$ 15,946	$ 15,946	$ 7,250	$ 7,250	$ 23,196	$ 23,196
Infrastructure	34,526	34,526	-	-	34,526	34,526
Water & Sewer Systems	-	-	1,727,271	1,727,271	1,727,271	1,727,271
Buildings	124,635	124,635	42,127	42,127	166,762	166,762
Vehicles	92,330	99,419	-	-	92,330	99,419
Equipment	110,072	151,368	206,878	158,878	316,950	310,246
Parks	118,158	118,158	-	-	118,158	118,158
Less Accumulated Depreciation	(273,709)	(298,354)	(864,384)	(814,594)	(1,138,093)	(1,112,948)
TOTALS	$ 221,958	$ 245,698	$ 1,119,142	$ 1,120,932	$ 1,341,100	$ 1,366,630

Debt

At December 31, 2018, the Town had a total indebtedness of $112603 which is outlined below

	Governmental Activities		Business-type Activities		Total	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Capital Leases	$ 12,946	$ 25,336	$ -	$ -	$ 12,946	$ 25,336
Sewer Loan	-	-	84,100	89,900	84,100	89,900
Compensated Absences	9,757	6,609	-	-	9,757	6,609
TOTALS	$ 22,703	$ 31,945	$ 84,100	$ 89,900	$ 106,803	$ 121,845

In 2015 the Town entered into a lease/purchase agreement for two (2) police vehicles of $62, 330. They made principal and interest payments on that lease of $13,526. The Water and Sanitation Fund made a sewer loan payment of $5,800. (see note 4)

Economic Factors and Next Year's Budget and Rates:

Board of Trustees has made the following items their priority; maintaining services, planning for future improvements and making sure the Town has adequate fund balance's to cover all costs of operations. The economy is still a factor when budgeting as revenues have stayed flat for the last three to four years. The costs of our water and sewer systems continue to increase as the age of both systems increases to cost of maintaining and replacing infrastructure. The rates for water and sewer went up due to the CPI being 3.386%, trash rates remained the same.

Request for information

The financial report is designed to provide a general overview of the Town's finances for all those interested in the government's finances. Questions concerning the information provided to the report or requests for additional financial information should be addressed to the Town Treasurer, Town of Simla, P. O. Box 237, Simla, Colorado 80835.

BASIC FINANCIAL STATEMENTS

TOWN OF SIMLA, COLORADO

STATEMENT OF NET POSITION
December 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	$ 141,710	$ 676,699	$ 818,409
Cash and Investments - Restricted	113,877	-	113,877
Receivables			
Property Taxes	49,756	-	49,756
Other Governments	5,304	-	5,304
Accounts	37,411	37,327	74,738
Capital Assets, Not Depreciated	15,946	7,250	23,196
Capital Assets, Depreciated Net of Accumulated Depreciation	206,012	1,111,892	1,317,904
TOTAL ASSETS	570,016	1,833,168	2,403,184
LIABILITIES			
Accounts Payable	20,979	-	20,979
Accrued Salaries and Benefits	7,510	2,514	10,024
Noncurrent Liabilities			
Due in One Year	22,703	5,800	28,503
Due in More Than One Year	-	78,300	78,300
TOTAL LIABILITIES	51,192	86,614	137,806
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	49,756	-	49,756
NET POSITION			
Net Investment in Capital Assets	209,012	1,035,042	1,244,054
Restricted for Emergencies	9,000	-	9,000
Restricted for Parks and Recreation	13,914	-	13,914
Restricted for Cemetery Improvements	99,963	-	99,963
Unrestricted, Unreserved	137,179	711,512	848,691
TOTAL NET POSITION	$ 469,068	$ 1,746,554	$ 2,215,622

The accompanying notes are an integral part of the financial statements.

TOWN OF SIMLA, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 48,863	$ 2,253	$ -	$ -
Judicial	21,627	-	-	-
Public Safety	172,222	74,181	634	-
Public Works	83,784	9,077	-	-
Health and Welfare	7,497	5,900	-	-
Parks and Recreation	23,637	4,206	-	6,485
Interest on Long-Term Debt	1,136	-	-	-
Total Governmental Activities	358,766	95,617	634	6,485
Business-Type Activities				
Water, Sewer and Trash	342,630	369,488	-	10,500
Total Business-Type Activities	342,630	369,488	-	10,500
Total Primary Government	$ 701,396	$ 465,105	$ 634	$ 16,985

GENERAL REVENUES
Property Taxes
Sales Taxes
Franchise Taxes
Other Taxes
Interest
Miscellaneous
Insurance Claims Proceeds

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
$ (46,610)	$ -	$ (46,610)
(21,627)	-	(21,627)
(97,407)	-	(97,407)
(74,707)	-	(74,707)
(1,597)	-	(1,597)
(12,946)	-	(12,946)
(1,136)	-	(1,136)
(256,030)	-	(256,030)
-	37,358	37,358
-	37,358	37,358
(256,030)	37,358	(218,672)
56,381	-	56,381
54,009	-	54,009
27,041	-	27,041
47,071	-	47,071
8,526	5,724	14,250
10,634	-	10,634
-	-	-
203,662	5,724	209,386
(52,368)	43,082	(9,286)
521,436	1,703,472	2,224,908
$ 469,068	$ 1,746,554	$ 2,215,622

TOWN OF SIMLA, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
ASSETS			
Cash and Investments	$ 141,710	$ -	$ 141,710
Cash and Investments - Restricted	99,963	13,914	113,877
Property Taxes Receivable	49,756	-	49,756
Due from Other Governments	5,304	-	5,304
Accounts Receivable	37,411	-	37,411
TOTAL ASSETS	334,144	13,914	348,058
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
LIABILITIES			
Accounts Payable	20,979	-	20,979
Accrued Salaries and Benefits	7,510	-	7,510
Accrued Liabilities	-	-	-
TOTAL LIABILITIES	28,489	-	28,489
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	49,756	-	49,756
FUND EQUITY			
Fund Balance (Deficit)			
Restricted for Emergencies	9,000	-	9,000
Restricted for Parks and Recreation	-	13,914	13,914
Restricted for Cemetery Improvements	99,963	-	99,963
Unassigned	146,936	-	146,936
TOTAL FUND EQUITY	255,899	13,914	269,813
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	$ 334,144	$ 13,914	$ 348,058

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances of Governmental Funds	269,813
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	221,958
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. These include capital leases ($12,946) and accrued compensated absences ($9,757).	(22,703)
Net position of governmental activities	$ 469,068

The accompanying notes are an integral part of the financial statements.

TOWN OF SIMLA, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
REVENUES			
Taxes	$ 137,431	$ -	$ 137,431
Licenses and Permits	11,330	-	11,330
Fines and Forfeitures	74,815	-	74,815
Charges for Services	10,106	-	10,106
Intergovernmental	47,071	6,485	53,556
Interest	8,447	79	8,526
Insurance Claims Proceeds	-	-	-
Miscellaneous	10,634	-	10,634
TOTAL REVENUES	299,834	6,564	306,398
EXPENDITURES			
Current			
General Government	45,859	-	45,859
Judicial	21,627	-	21,627
Public Safety	162,461	-	162,461
Public Works	71,047	-	71,047
Health and Welfare	7,497	-	7,497
Parks and Recreation	11,700	7,051	18,751
Capital Outlay	3,500	-	3,500
Debt Service			
Principal	12,390	-	12,390
Interest	1,136	-	1,136
TOTAL EXPENDITURES	337,217	7,051	344,268
NET CHANGE IN FUND BALANCES	(37,383)	(487)	(37,870)
FUND BALANCES, Beginning	293,282	14,401	307,683
FUND BALANCES, Ending	$ 255,899	$ 13,914	$ 269,813

The accompanying notes are an integral part of the financial statements.

TOWN OF SIMLA, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Changes in Fund Balances - Total Governmental Funds	$	(37,870)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense ($27,240) exceeded capital outlay $3,500 in the current period.		(23,740)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This includes payments of capital leases.		12,390
Some expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the change in accrued compensated absences.		(3,148)
Change in Net Position of Governmental Activities	$	(52,368)

The accompanying notes are an integral part of the financial statements.

TOWN OF SIMLA, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
December 31, 2018

	WATER AND SANITATION FUND
ASSETS	
Current Assets	
Cash and Investments	$ 676,699
Accounts Receivable, Net	37,327
Total Current Assets	714,026
Noncurrent Assets	
Capital Assets, Not Being Depreciated	7,250
Capital Assets, Net of Accumulated Depreciation	1,111,892
Total Noncurrent Assets	1,119,142
TOTAL ASSETS	1,833,168
LIABILITIES	
Current Liabilities	
Accrued Salaries and Benefits	2,514
Loan Payable - Current Portion	5,800
Total Current Liabilities	8,314
Noncurrent Liabilities	
Loan Payable	78,300
Total Noncurrent Liabilities	78,300
TOTAL LIABILITIES	86,614
NET POSITION	
Net Investment in Capital Assets	1,035,042
Unreserved	711,512
TOTAL NET POSITION	$ 1,746,554

The accompanying notes are an integral part of the financial statements.

TOWN OF SIMLA, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2018

	WATER AND SANITATION FUND
OPERATING REVENUES	
Charges for Services	
Water	$ 138,906
Sewer	130,338
Trash	64,414
Late Fees and Other	35,830
TOTAL OPERATING REVENUES	369,488
OPERATING EXPENSES	
Operations and Maintenance	
Water	137,384
Sewer	92,919
Trash	62,537
Depreciation	49,790
TOTAL OPERATING EXPENSES	342,630
OPERATING INCOME	26,858
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	5,724
Tap Fees - Water	7,000
Tap Fees - Sewer	3,500
TOTAL NON-OPERATING REVENUES (EXPENSES)	16,224
NET INCOME	43,082
NET POSITION, Beginning	1,703,472
NET POSITION, Ending	$ 1,746,554

The accompanying notes are an integral part of the financial statements.

TOWN OF SIMLA, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended December 31, 2018
Increase (Decrease) in Cash and Cash Equivalents

	WATER, SANITATION AND TRASH FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 364,239
Cash Paid to Suppliers	(173,625)
Cash Paid to Employees	(118,674)
Net Cash Provided by Operating Activities	71,940
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(48,000)
Loan Payments	(5,800)
Tap Fees - Water	7,000
Tap Fees - Sewer	3,500
Net Cash Used by Capital and Related Financing Activities	(43,300)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	5,724
Net Cash Provided by Investing Activities	5,724
Net Increase in Cash and Cash Equivalents	34,364
CASH AND CASH EQUIVALENTS, Beginning	642,335
CASH AND CASH EQUIVALENTS, Ending	$ 676,699
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 26,858
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation and Amortization	49,790
Changes in Assets and Liabilities	
Accounts Receivable	(5,249)
Accrued Salaries and Benefits	541
Total Adjustments	45,082
Net Cash Provided by Operating Activities	$ 71,940

The accompanying notes are an integral part of the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Town of Simla (the "Town") is a political subdivision of the State of Colorado and is governed by a Mayor and six-member Board of Trustees elected by the residents. The Town provides public safety, public works and parks and recreation services as well as water, sewer, and trash services.

Reporting Entity

In accordance with governmental accounting standards, the Town has considered the possibility of including additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, the Town does not include additional organizations in its report entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial, capital and debt resources of the Town. The difference between assets plus deferred outflows, and liabilities plus deferred inflows of the Town is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses and allocated indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both "measurable and available". Revenues are considered to be "available" when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year, except for expenditure driven grants as defined in the following paragraph.

Taxes, intergovernmental revenue and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Grant and similar revenues are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

The Town reports the following major governmental fund in the fund financial statements:

General Fund – The General Fund is used to account for the general operations and specific programs of the Town.

The Town reports the following major proprietary funds:

Water and Sanitation Fund – The Water and Sanitation Fund accounts for the financial activities associated with providing water, sewer and trash services to the Town's residents.

In addition, the Town reports the following nonmajor governmental fund:

Conservation Trust Fund – The Conservation Trust Fund is a special revenue fund used to account for lottery revenues used for recreational programs.

Assets, Liabilities, Fund Balance/Net Position

Cash and Investments – For the purposes of reporting in the statement of cash flows, cash equivalents include certificates of deposit and investments with original maturities of three months or less. Investments are reported at fair value. The Town pools cash from several funds for the purpose of increasing interest income. Interest is allocated to individual funds based on the average cash of the funds.

Receivables – Due from other governments and accounts receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Accounts receivable are recorded on the statement of net position, net of allowance for uncollectible accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position (Continued)

Capital Assets – Capital assets, which include property, buildings, equipment and all infrastructure owned by the Town, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives.

Infrastructure	40 years
Buildings	14-50 years
Equipment	5-14 years
Vehicles	7 years

General infrastructure assets acquired prior to January 1, 2003 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2003.

Compensated Absences – Town employees are allowed to accumulate unused paid-time-off and sick leave. Employees with one full year of service receive 56 hours per year, from two to five years of employment, 96 hours and for each year from 6 to 15 years an additional 8 hours each year of service up to a maximum of 176 hours. No carryover of hours is allowed, unless approved. Unused PTO is paid upon termination of employment. Full time or appointed employees accrue eight hours of sick leave per month. Part time employees working at least 20 hours a week, accrue sick leave at a rate proportionate to time worked in relationship to full time employees. Unused sick leave is not paid upon termination of employment.

Long-Term Debt - In the government-wide financial statements, and the proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position (Continued)

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Net Position – In the government-wide and proprietary fund financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets – this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- Restricted Net Position – this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position – this classification includes assets that do not have any third party limitation on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, the Town Board of Trustees. The constraint may be removed or changed only through formal action of the Town Board of Trustees.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- Assigned – This classification includes amounts that are constrained by the Town's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts.

- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Town has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both the restricted and unrestricted fund balances are available the Town uses restricted fund balance first, followed by committed, assigned and unassigned.

Property Taxes

Property taxes are levied by December 15, tax bills are mailed January 1 of the following year, and attach as an enforceable lien on the property. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. Taxes are delinquent if not paid by those dates. Notices of delinquencies are mailed in September, and tax sales are scheduled for November. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Town has evaluated events subsequent to the year ended December 31, 2018 through July 1, 2019, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stewardship, Compliance and Accountability

During 1996, the Town closed the landfill. The last day the landfill accepted waste was on January 11, 1997. As a result, the Town estimated and reported cost of post-closure of $54,808. State and federal laws and regulations required the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for a number of years after closure. The Town petitioned the State Department of Public Health and Environment to allow it to no longer monitor the landfill. During 2016, the State Department of Public Health and Environment released the Town of ongoing monitoring of the landfill. As a result, the liability was removed.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2018, follows:

Cash Deposits	$ 333,677
Investments	598,609
Total	$ 932,286

Cash is reported in the financial statements as follows:

Cash and Investments	$ 818,409
Restricted Cash and Investments	113,877
Total	$ 932,286

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to $250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2018, the Town had bank deposits totaling $365,720 of which $250,000 were insured by FDIC and $115,720 were collateralized with securities held by the financial institution's agent but not in their name.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The Town has not adopted a formal investment policy; however, the Town follows State statutes regarding investments. The Town generally limits its concentration of investments to Local Government Investment Pools, obligation of the United States and certain U.S. government agency securities, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest which include the following.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At December 31, 2018 and 2016, the Town had the following investments:

	Maturity	
Colorado Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 days	$ 598,609

The Town invested in the Colorado Government Liquid Asset Trust (COLOTRUST) (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers share in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury and repurchase agreements collateralized by U.S. Treasury securities.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAA by Standard and Poor's. COLOTRUST records its investments at fair value and the Town records its investments in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted Cash and Investments

Restricted cash and Investments consists of $99,963 for future cemetery improvements, and $13,914 for future parks and recreation expenditures.

TOWN OF SIMLA, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, is summarized below:

	Balances 12/31/2017	Additions	Deletions	Balances 12/31/2018
Governmental Activities:				
Capital Assets, not being depreciated				
Land	$ 15,946	$ -	$ -	$ 15,946
Total Capital Assets, not being depreciated	15,946	-	-	15,946
Capital Assets, being depreciated				
Infrastructure	34,526	-	-	34,526
Buildings	124,635	-	-	124,635
Vehicles	99,419	-	7,089	92,330
Equipment	151,368	3,500	44,796	110,072
Parks	118,158	-	-	118,158
Total Capital Assets, being depreciated	528,106	3,500	51,885	479,721
Less accumulated depreciation				
Infrastructure	(9,296)	(863)	-	(10,159)
Buildings	(49,677)	(2,356)	-	(52,033)
Vehicles	(46,569)	(11,833)	(7,089)	(51,313)
Equipment	(126,028)	(7,802)	(44,796)	(89,034)
Parks	(66,784)	(4,386)	-	(71,170)
Total accumulated depreciation	(298,354)	(27,240)	(51,885)	(273,709)
Total Capital Assets, being depreciated, net	229,752	(23,740)	-	206,012
Governmental Activities Capital Assets, net	$ 245,698	$ (23,740)	$ -	$ 221,958

Depreciation expense was charged to the functions/programs as follows:

General Government	$ 1,430
Public Safety	9,761
Public Works	11,163
Parks and Recreation	4,886
Total	$ 27,240

NOTE 3: CAPITAL ASSETS (Continued)

	Balances 12/31/2017	Additions	Deletions	Balances 12/31/2018
Business-type Activities:				
Capital Assets, not being depreciated				
Land	$ 7,250	$ -	$ -	$ 7,250
Total Capital Assets, not being depreciated	7,250	-	-	7,250
Capital Assets, being depreciated				
Buildings	42,127	-	-	42,127
Equipment	158,878	48,000	-	206,878
System	1,727,271	-	-	1,727,271
Total Capital Assets, being depreciated	1,928,276	48,000	-	1,976,276
Less accumulated depreciation				
Buildings	(23,559)	(1,041)	-	(24,600)
Equipment	(141,032)	(4,989)	-	(146,021)
System	(650,003)	(43,760)	-	(693,763)
Total accumulated depreciation	(814,594)	(49,790)	-	(864,384)
Total Capital Assets, being depreciated, net	1,113,682	(1,790)	-	1,111,892
Business-type Activities Capital Assets, net	$ 1,120,932	$ (1,790)	$ -	$ 1,119,142

NOTE 4: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2018.

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018	Due Within One Year
Govenmental Activities					
Capital Leases	$ 25,336	$ -	$ 12,390	$ 12,946	$ 12,946
Accrued Compensated Absences	6,609	5,259	2,111	9,757	9,757
	$ 31,945	$ 5,259	$ 14,501	$ 22,703	$ 22,703

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

NOTE 4: LONG-TERM DEBT (Continued)

Capital Leases

In 2015 he Town entered into a capital lease agreement to purchase two police vehicles in the amount of $62,068 for a period of 5 years. This lease bears interest at 4.50% per annum. Following is a schedule of future minimum lease payments required under the outstanding capital leases at December 31, 2018.

Year Ended December 31	
2019	$ 13,525
Less: Interest Payments	(579)
Present Value of Future Minimum Lease Payments	$ 12,946

Business-type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2018.

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018	Due Within One Year
Business-type Activities					
2013 Sewer Loan	$ 89,900	$ -	$ 5,800	$ 84,100	$ 5,800

Sewer Loan

During 2013, the Town entered into an interest-free 20 year loan agreement in the amount of $116,000 with the Colorado Water Resources and Power Development Authority for improvements to the Town's sewer system. Principal only payments of $2,900 are due semi-annually on May 1, and November 1 through May 1, 2033.

Following is a summary of the water loan future debt service requirements for the business-type activities for the year ended December 31, 2018.

Year Ended December 31	Principal
2019	$ 5,800
2020	5,800
2021	5,800
2022	5,800
2023	5,800
2024 – 2028	29,000
2029 – 2033	26,100
Total	$ 84,100

NOTE 5: PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of entity.

NOTE 6: PENSION PLANS

In 1994 the Town established a defined contribution SEP plan for eligible employees. The Town contributes 5.5% of eligible employees' compensation each quarter of the year. The Town recognized pension expense of $5,620 for the year ended December 31, 2018.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to the

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

Town. Revenue in excess of the fiscal spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

In November 1995, voters within the Town approved a ballot proposal to allow the Town to retain excess revenues.

The Town's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, the emergency reserve of $9,000 was reported as restricted net position and fund balance in the Governmental Activities and General Fund, respectively.

Claims and Judgments

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2018, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Town.

NOTE 8: SEGMENT INFORMATION

The Water and Sanitation Fund is intended to be self-supporting through charges for services for water, sewer and trash operations. The sewer department has a loan for system improvements made in 2013 which is required to be paid from sewer system revenues. Condensed summary financial information for each department is presented below.

NOTE 8: SEGMENT INFORMATION (Continued)

CONDENSED STATEMENT OF NET POSITION	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Assets			
Current Assets	$ 511,775	$ 189,904	$ 12,347
Capital Assets	607,929	506,227	4,986
TOTAL ASSETS	1,119,704	696,131	17,333
Liabilities			
Current Liabilities	1,257	7,057	-
Noncurrent Liabilities-Sewer Loan	-	78,300	-
TOTAL LIABILITIES	1,257	85,357	-
Net Position			
Net Investment in Capital Assets	607,929	422,127	4,986
Unreserved	510,518	188,647	12,347
TOTAL NET POSITION	$ 1,118,447	$ 610,774	$ 17,333

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Operating Revenues and Expenses			
Operating Revenues	$ 174,736	$ 130,338	$ 64,414
Operating Expenses, net of Depreciation	(137,384)	(92,919)	(62,537)
Depreciation	(27,772)	(21,782)	(236)
Operating Income	9,580	15,637	1,641
Nonoperating Revenues and Expenses			
Investment Income	3,897	1,827	-
Tap Fees	7,000	3,500	-
Change in Net Position	20,477	20,964	1,641
Beginning Net Position	1,097,970	589,810	15,692
Ending Net Position	$ 1,118,447	$ 610,774	$ 17,333

CONDENSED STATEMENT OF CASH FLOWS	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Net Cash Provided (Used) by:			
Operating Activities	$ 35,181	$ 35,753	$ 1,006
Capital and Related Financing Activities	(17,000)	(26,300)	-
Investment Activities	3,897	1,827	-
Net Increase (Decrease)	22,078	11,280	1,006
Beginning Cash and Cash Equivalents	472,495	164,854	4,986
Ending Cash and Cash Equivalents	$ 494,573	$ 176,134	$ 5,992

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SIMLA, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2018
(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Taxes	$ 131,732	$ 137,431	$ 5,699	$ 118,013
Licenses and Permits	6,825	11,330	4,505	8,756
Fines and Forfeitures	107,400	74,815	(32,585)	64,240
Charges for Services	6,650	10,106	3,456	11,333
Intergovernmental	41,100	47,071	5,971	35,518
Interest	3,100	8,447	5,347	4,342
Insurance Claims Proceeds	-	-	-	13,569
Miscellaneous	1,000	10,634	9,634	8,184
TOTAL REVENUES	297,807	299,834	2,027	263,955
EXPENDITURES				
Current				
General Government	56,274	45,859	10,415	44,408
Judicial	27,288	21,627	5,661	22,616
Public Safety	150,460	162,461	(12,001)	162,265
Public Works	76,144	71,047	5,097	77,639
Health and Welfare	10,415	7,497	2,918	5,773
Parks and Recreation	9,311	11,700	(2,389)	9,714
Capital Outlay	-	3,500	(3,500)	-
Debt Service				
Principal	13,526	12,390	1,136	11,858
Interest	-	1,136	(1,136)	1,668
TOTAL EXPENDITURES	343,418	337,217	6,201	335,941
NET CHANGE IN FUND BALANCE	(45,611)	(37,383)	8,228	(71,986)
FUND BALANCE, Beginning	333,571	293,282	(40,289)	365,268
FUND BALANCE, Ending	$ 287,960	$ 255,899	$ (32,061)	$ 293,282

See the accompanying Independent Auditor's Report.

TOWN OF SIMLA, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and long-term debt principal are budgeted as expenditures and depreciation is not budgeted.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- In September, Management submits to the Town Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer and public comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the Town Board of Trustees.
- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Legal Compliance

For the year ended December 31, 2018, the Conservation Trust Fund's actual expenditures exceeded budgeted expenditures by $6,051. This may be a violation of State statute.

SUPPLEMENTARY INFORMATION

TOWN OF SIMLA, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2018
(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Lottery Revenues	$ 16,000	$ 6,485	$ (9,515)	$ 6,323
Interest	36	79	43	31
TOTAL REVENUES	16,036	6,564	(9,472)	6,354
EXPENDITURES				
Parks and Recreation	-	7,051	(7,051)	2,001
TOTAL EXPENDITURES	-	7,051	(7,051)	2,001
NET CHANGE IN FUND BALANCE	16,036	(487)	(16,523)	4,353
FUND BALANCE, Beginning	-	14,401	14,401	10,048
FUND BALANCE, Ending	$ 16,036	$ 13,914	$ (2,122)	$ 14,401

See the accompanying Independent Auditor's Report.

TOWN OF SIMLA, COLORADO

WATER AND SANITATION
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2018
(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Charges for Services				
Water	$ 130,000	$ 133,917	$ 3,917	$ 128,966
Sewer	130,000	130,338	338	126,653
Trash	70,000	64,414	(5,586)	61,457
Bulk Water	3,500	4,989	1,489	5,278
Late Fees and Other	1,100	35,830	34,730	10,277
Tap Fees - Water	3,500	7,000	3,500	40
Tap Fees - Sewer	3,500	3,500	-	-
Investment Income	-	5,724	5,724	3,160
TOTAL REVENUES	341,600	385,712	44,112	335,831
EXPENDITURES				
Operations and Maintenance				
Water	120,892	137,384	(16,492)	102,425
Sewer	124,153	92,919	31,234	110,615
Trash	64,632	62,537	2,095	60,015
Capital Outlay	45,600	48,000	(2,400)	13,500
Debt Service				
Principal	-	5,800	(5,800)	5,800
TOTAL EXPENDITURES	355,277	346,640	8,637	292,355
NET INCOME, Budget Basis	$ (13,677)	39,072	$ 52,749	43,476
GAAP BASIS ADJUSTMENTS				
Capital Outlay		48,000		13,500
Depreciation		(49,790)		(48,647)
Principal Paid on Long-Term Debt		5,800		5,800
NET INCOME, GAAP Basis		43,082		14,129
NET POSITION, Beginning		1,703,472		1,689,343
NET POSITION, Ending		$ 1,746,554		$ 1,703,472

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

The public report burden for this information collection is estimated to average 380 hours annually.

Financial Planning 02/01
Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT		City or County:	Simla
		YEAR ENDING :	2018
This Information From The Records of:	Prepared By: Phone:	Jackie L. Zion 719-541-2468	

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	21,358
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	21,358
B. Private Contributions	
C. Receipts from State government (from page 2)	34,054
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	55,412

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	27,043
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	
c. Other - lighting	11,860
d. Total (a. through c.)	11,860
4. General administration & miscellaneous	0
5. Highway law enforcement and safety	16,509
6. Total (1 through 5)	55,412
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	55,412

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	55,412	55,412		0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05) PREVIOUS EDITIONS OBSOLETE (Next Page)

See the accompanying Independent Auditor's Report.

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy) 12/31/2018 0

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	0
1. Sales Taxes	13,557	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	7,801	g. Other Misc. Receipts	
6. Total (1. through 5.)	21,358	h. Other	
c. Total (a. + b.)	21,358	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	31,723	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	2,331	d. Federal Transit Admin	
d. Other (Specify) - Road & Bridge	0	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	2,331	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	34,054	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

See the accompanying Independent Auditor's Report.